



California
Department of
Health Services

SANDRA SHEWRY
Director

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

September 14, 2006

AFL 06-26

TO: ALL FACILITIES LICENSED BY THE DEPARTMENT OF HEALTH SERVICES (DHS) LICENSING AND CERTIFICATION PROGRAM (L&C) UNDER CALIFORNIA HEALTH AND SAFETY (H&S) CODE SECTIONS

SUBJECT: LICENSE RENEWALS – IMPLEMENTATION OF CENTRALIZED PROCESSING AND NEW FEE SCHEDULE

As previously communicated in AFL 06-17 issued June 28, 2006, the Department of Health Services, Licensing and Certification Program (L&C) is implementing significant changes to the license renewal and fee collection process to comply with amendments to Health and Safety Code (H&S) Section 1266. These changes include:

- Revision to annual license fees effective July 1, 2006 (H&S 1266(b)).
- Establishment of late payment penalties for delinquent license renewals (H&S 1266.5).
- Elimination of the fee waiver for health facilities and agencies operated by non-State public agencies including counties, cities, University of California Regents, and health care districts. For the 2006-07 state fiscal year only, fees will not be assessed or collected from any general acute care hospital owned by a health care district with 100 beds or less (H&S 1266(f)).

Centralized Renewal and Fee Collection Process

To implement these changes L&C established a Fee Development & Revenue Collection Unit in the Administration Section. The generation of monthly license renewals and the fee collection process have been centralized in the new Unit. Starting July 1, 2006, all license renewal forms were generated and distributed to health facilities and agencies by the Fee Development & Revenue Collection Unit and all payments are to be received, processed, and deposited by this Unit. Attachment C is a flowchart of the new license renewal and fee collection process.

Implementation Issues

Unfortunately, there have been some implementation issues that have resulted in billing errors and the need for adjustments. Specifically, facilities with renewal dates between July 1, 2006, and September 30, 2006, were sent renewal notices before the fee statute was amended, and those notices reflected the prior fee amounts. L&C issued corrected invoices to reflect the fee amounts effective July 1, 2006. For those health facilities and agencies that had already paid their license renewal fees with license expiration dates on or after July 1, 2006, a fee adjustment invoice was generated for fees that have been increased. Refund checks will be issued within six weeks for fees that have decreased.

Corrected license renewal notices reflecting the updated FY 06/07 fee schedule were mailed out on July 5, 2006, to these facilities. Subsequently, it was discovered that an error occurred while generating those invoices whereby one facility's information appeared at the top of the notice and a different facility's information appeared on the bottom section. Although the information in the remittance portion of those notices was correct for the facility reflected in that section, we acknowledge these notices caused confusion. Corrected notices with accurate facility information were mailed on July 19, 2006.

Staff in the Fee Development & Revenue Collection Unit are working diligently to ensure that renewal fees billed are accurate for all facilities and agencies during the transition period. Attachment A is a listing of the fee amounts per "bed" or per "facility" by facility type. These fee amounts will be used for initial applications, annual license renewals, and applications for change in ownership (CHOWs) on or after July 1, 2006. If you believe you have been billed incorrectly, please use the contact information at the end of this AFL and L&C staff will work with you to resolve any billing errors.

Renewal Reminders

To prevent delays in obtaining the renewed license, all license renewal checks must be mailed to the L&C Fee Development & Revenue Collection Unit at the P.O. Box below:

Standard Delivery

Department of Health Services
Licensing & Certification
Fee Development & Revenue Collection Unit
MS 3202
P. O. Box 997434
Sacramento, CA 95899-7434

Overnight Delivery

Department of Health Services
Licensing & Certification
Fee Development & Revenue Collection Unit
MS 3202
1615 Capitol Ave., Suite 73.481
Sacramento, CA 95899-7434

- For license renewals, only the license payment and remittance should be mailed to the Fee Development & Revenue Collection Unit who will then inform the District Offices when the license renewal payments have been made. ***You should continue to send the two page renewal application form with facility and ownership information to the local District Office noted at the bottom of the application form.*** The District Office will continue to be responsible to determine if all licensure conditions (other than fee payment) are met before issuing the license.
- From the date we receive the payment please allow 4-6 weeks total processing time. If you do not receive your license and have confirmed the check has cleared please contact your local District Office.
- If a license renewal notice has not been received at least prior to 90 days of the license expiration date, you should contact the Fee Development & Revenue Collection Unit for a duplicate copy of the renewal form.

Late Payment Penalties

H&S Code Section 1266.5 requires L&C to impose late payment penalties for health facilities and agencies for delinquent license renewal payments. Attachment B is the language for Section 1266.5 that details the penalty percentages by delinquency period. Also L&C may, upon written notification to the licensee, offset against any moneys owed to the licensee by the Medi-Cal program or any other payment program administered by the Department of Health Services, to recoup the license renewal fee and any associated late payment penalties.

Contact Information for the Fee Development & Revenue Collection Unit

Main Phone No. 916-552-8700

Unit Email: rcollection@dhs.ca.gov,

OR

Patricia Ibarra (916) 650-6731, plbarra@dhs.ca.gov

Debbie Kawamoto (916) 552-8709, dkawamot@dhs.ca.gov

In the near future, we will post additional license renewal information and questions and answers on the Central Application Unit's website: www.dhs.ca.gov/Inc.

We apologize for any inconvenience resulting from the implementation of these changes.

Sincerely,

Original Signed by Kathleen Billingsley, R.N.

Kathleen Billingsley, R.N.
Deputy Director

Attachments

LICENSING & CERTIFICATION PROGRAM LICENSE FEES 2006-2007

<u>Type of Facility/Agency</u>	<u>Fee</u>
General Acute Care Hospitals	\$134.10 per bed
Acute Psychiatric Hospitals	\$134.10 per bed
Specials Hospitals	\$134.10 per bed
Chemical Dependency Recovery Hospitals	\$123.52 per bed
Skilled Nursing Facilities	\$202.96 per bed
Intermediate Care Facilities	\$202.96 per bed
Intermediate Care Facilities- Developmentally Disabled	\$592.29 per bed
Intermediate Care Facilities-Developmentally Disabled Habilitative	\$1,000 per facility
Intermediate Care Facilities-Developmentally Disabled-Nursing	\$1,000 per facility
Home Health Agencies	\$2,700 per facility
Referral Agencies	\$5,537.71 per facility
Adult Day Health Centers	\$4,650.02 per facility
Congregate Living Health Facilities	\$202.96 per bed
Psychology Clinics	\$600.00 per facility
Primary Clinics-Community and Free	\$600.00 per facility
Specialty Clinics-Rehabilitation Clinics	
	(For Profit)
	(Non-Profit)
	\$2,974.43 per facility
	\$500.00 per facility
Specialty Clinics-Surgical and Chronic	\$1,500.00 per facility
Dialysis Clinics	\$1,500.00 per facility
Pediatric Day Health/Respite Care	\$142.43 per bed
Alternative Birthing Centers	\$2,437.86 per facility
Hospice	\$1,000.00 per facility
Correctional Treatment Centers	\$590.39 per bed

ATTACHMENT B

DELINQUENT PENALTY FEES – HEALTH & SAFETY CODE SECTION 1266.5

1266.5. (a) Whenever any entity required to pay fees pursuant to Section 1266 continues to operate beyond its license expiration date, without the Licensing and Certification Program renewal fees first having been paid as required by this division, those fees are delinquent.

(b) A late payment penalty shall be added to any delinquent fees due with an application for license renewal made later than midnight of the license expiration date.

The late payment penalty shall be computed as follows:

(1) For a delinquency period of 30 days or less, the penalty shall be 10 percent of the fee.

(2) For a delinquency period of more than 30 days to and including 60 days, the penalty shall be 20 percent of the fee.

(3) For a delinquency period of more than 60 days, the penalty shall be 60 percent of the fee.

(c) The department may, upon written notification to the licensee, offset any moneys owed to the licensee by the Medi-Cal program or any other payment program administered by the department, to recoup the license renewal fee and any associated late payment penalties.

(d) No license may be renewed without payment of the Licensing and Certification Program fee plus any late payment penalty.

Fee Development & Revenue Collection Unit

FEE PROCESS

FLOW CHART

